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50X1-HUM

5. [ ] After liberation, the Reds introduced their 'peoples money',  
[ ] at a rate of one US\$ equal to 80 peoples currency.

6. "They allowed a year of controlled inflation when the US dollar stood at 1/40,000 and  
from there on the purchasing power of the currency has been kept stable at least for the  
essentials for the masses, foodstuffs and cotton material.

50X1-HUM

7. "In foodstuffs China is now self-sufficient and even a hundred thousand tons of rice are  
being shipped [ ]  
flour has been imported from abroad, as well as huge quantities of cotton. In the latter,  
China is now nearly self-sufficient.

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50X1-HUM

- 2 -

8. "But never [ ] been hungry here, and only once in all these thirty years, i.e., shortly after the above-mentioned currency reform [ ] all foodstuffs disappeared, and nothing was to be bought for about a week because price ceilings had been declared, and nobody was willing to sell at these prices. 50X1-HUM

9. [ ] 50X1-HUM

10. "What a difference today. It is the masses who are wowed and who are made to believe that it is really a peoples government. Food is in abundance and cheaper but still much too expensive for an average government white collar worker who draws from ten to twenty US dollars a month, and a government laborer who may draw from 20/30 a month. This in contrast to employees of private concerns who must be paid much more. The price for an air mail letter of 10 grams is US 50 cents; a LT cable costs US \$10 as does a pair of shoes. Government workers are being supplied with two sets of clothing a year, one for summer and one for winter.

11. "A calamity is the housing question. A man drawing US \$20 a month cannot pay much rent, and a house owner cannot pay taxes or repair his houses, if he does not get sufficient rent, not to mention that nobody is going to build houses under the c50X1-HUMes.

12. "Already the government has come into possession of a great deal of real estate, and sooner or later the greater part of everything will be in government hands. [ ] city property, which has not been confiscated, in contrast to agricultural land, which has been distributed.

13. [ ] the Reds made the possession of US dollars and the buying and selling of gold an offense, but the possession of the latter was allowed. 50X1-HUM

14. "It took a little over a year for the black market for all practical purposes to be 50X1-HUM liquidated, and many a foreigner received his education during this process. [ ]

15. [ ]

The Reds completely destroyed the railway from Chingwangtao nearly to Tangshang and the Foreign Office in Nanking wired to the authorities in Peitaiho who had already fled to Chiwantao to evacuate all foreigners there. 50X1-HUM

16. [ ]

17. [ ] the retreating troops reached Tientsin, and people were scared of these troops. Some looting took place. The troops were poorly dressed, often without shoes, without warm clothing, but many had modern automatic weapons. It is common knowledge that most of the equipment which at that time the Reds had was American equipment abandoned or sold by the Nanking troops.

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50X1-HUM

- 3 -

50X1-HUM

18. "Under these circumstances [ ] what is called in official language 'liberation' was really like a liberation, and everybody marvelled at the discipline of the Red Army."
19. "In Tientsin some fighting really took place, and some parts suffered quite some damage. Within 48 hours everything was over, and all the pillboxes and other defense measures were immediately removed by the troops. Shortly before the surrender, warehouses were still being looted by soldiers, and now the Reds were quartered in many private houses including foreign occupied, and not a needle disappeared. They borrowed kitchen utensils, rugs, or other things, took them away, gave no receipts, and not a base has come [ ] where these things were not brought back when the respective troops moved on. This fact can only be appreciated by someone who has been living in China."
20. "When [ ] the Red currency was issued, they had people in the Bank who were even unable to count money."
21. [ ] the same year the first attempts to re-open foreign business were made, some members of the control organs did not know what was CIF or FOB, not to mention anything else about market prices, quality, etc."
22. "Today there exists a tightly controlled banking system, foreign trade control bureaus and, after the private trade still had a swing [ ]"
23. [ ] existence of the various Fotraco's, i.e., Government owned trading organizations for various export commodities, and also about the various associations, to which all business had to be reported, and in which market conditions were discussed and floor-prices established and controlled. Now public/private joint buying and selling organizations are being founded for all important export commodities. As far as wool and hair are concerned, such a company [ ] has been founded. The subscribed and paid up capital is US\$400,000 (of course its equivalent in peoples money). The wool Fotraco is the biggest shareholder with 35%, Chidecor / China Development Trading Corp. - a private Chinese trading concern, the second largest with 10%. The idea is they will buy jointly in the interior, and they will of course get financing facilities from the Bank of China which a single private firm can never enjoy (foreign firms are excluded altogether). Then they will sort together, which will make their position much stronger vis a vis the labor union with which Chidecor, who had the biggest amount of labor, had the biggest amount of trouble last year."
24. "The various exporters are supposed to place their orders with this group, although they are also allowed to work on their own. On the cargo which the 'Wohacc' finally will hold the Fotraco will have always the first option for the Eastern democracies, the only ones which are supplying China with the much needed industrial products on the barter basis."
25. "As far as the business with the West is concerned, the question of barter has not been solved, [ ]"
26. "As it looks at the moment, the wool business in any quantity with the West will be impossible simply for the lack of a sufficiently large amount of Class A imports, and if the USSR or the Eastern democracies do not take in the cashmere and camelshair, they may sell it later on [ ] then cashmere and camelshair must either be transferred to Class C (T/T against documents) or there will be no cashmere business on a big scale."
27. "Contracts for small lots of five tons will be possible, also without force majeure clause, and Chidecor will offer [ ] in the near future. It will be their own cargo which they are at present buying in Shantung. They will arrange the barter in the barter house in Tientsin and take such goods as have already arrived or are on their way. [ ] But such business will probably be possible for comparatively small lots"

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- 4 -

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30. "One thing is certain that the Reds have never made any secret of their long-term plans, and idealists may be of the opinion that International Communism may be the correct solution to all our present problems, a solution which all governments are seeking only by different methods. If this is not so, the actions of intellectuals like Dr. Klaus Fuchs cannot be understood, and anybody interested in these problems, and anybody who has some stake, be it of a materialistic nature or be it children, MUST inform himself about all these questions, to be able to withstand the ideological onslaught to which he will be exposed sooner or later."

50X1-HUM

31. "Only people who have lived behind the Iron Curtain [redacted] will understand the difficulty to maintain a properly balanced mind."

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50X1-HUM

32. "One gradually becomes prepared for a situation in which one does not understand one-self anymore; one becomes a different person, or two persons, which finally culminates in such self-confessions as are the order of the day behind the Iron Curtain, and which people outside do not understand, and which [redacted] have not necessarily been obtained by ordinary torture, as the Westerner would think of. It is a question of mental torture, which is going on 24 hours a day and 365 days a year."

50X1-HUM

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35. "One day a big public accusation meeting was arranged on the Ming Yuan and 40/50 thousand people were ordered to appear there. All public offices were closed and speeches were made from 2 p.m. till 8 p.m. Traffic in the streets was at a minimum, and all loudspeakers were broadcasting the proceedings. When some so-called public enemies were exhibited the public was asked what to do with them, and with one word they shouted, 'kill them.' The next day two hundred were shot. It is not so funny to walk around the street listening to such proceedings."

36. "So gradually one gets afraid of the 'knock on the door' which, as it seems to be customary, mostly comes late at night, and one gets accustomed to whisper, turning ones head before saying anything, which during the Nazis was called 'German movement' and many more things remind one of the 'Third Reich.'"

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- 5 -

37. "No doubt also here much good has been and is being done, but at a terrific price, Germany. 50X1-HUM
38. [redacted] nobody dares to speak what he really might think. All do lip service to the Red cause, and it is impossible to say how much is such and how much is genuine. When big anti-American demonstrations are ordered, the manager of Chidecor will go around the streets for ten hours with tens of thousands of others and shout anti-this and anti-that slogans. Other days he is always busy with meetings, there are always meetings of one kind and another and not an opportunity being lost to give political lectures. 50X1-HUM
39. "Also foreigners are exposed to this, [redacted] Foreigners are asked what do they think about the Korean War, the Americans and the Chinese, and an answer 'I am a guest in your country. I am a businessman, I am not interested in politics' would not do. [redacted] 50X1-HUM
40. "Here the West can learn something. The forces which are to defend Western democracies, need not only have the best arms, etc., but they must have a good political training to counteract the teachings of the East. They have a cunning way, and [redacted] the masses are on their side. It seems certain that not too many people will want Chiang back, and the Reds cannot be dislodged no matter what the West might do. The best hope the West may have is that one day Mao or whoever runs the show may first be Chinese and then a Communist; at present it is certainly the other way around. 50X1-HUM
41. "If, during World War II, the Western powers misjudged or underestimated International Communism and its parent cell the USSR, one cannot blame the average Chinese of a little higher standing to whose patriotism or nationalism an appeal is made. He fully enjoys the sudden respect the world has for his fatherland, and is not unhappy that the foreigner in his country is being shown up. As long as no wrong move is made by a foreigner (which is difficult if not impossible) he is treated with polite contempt. [redacted] If a wrong move is made the letter of apology is the mildest form of punishment, then comes detention and re-education and then comes--to which others must give the answer, if they ever have the opportunity. 50X1-HUM
42. "Foreigners cannot move out of the town without a special permit, which [redacted] is mostly not granted. They are subject to strict supervision and registration and regular visits by police. A houseboy in most cases is not an asset but a costly liability. Everything is checked and counterchecked and thousands are employed to check on other thousands. But these thousands are mostly not employed and paid for by the Government; the average citizen is 'voluntarily' doing all the work; he must himself prepare his taxation, collect the money, check others and he in turn is again checked by others, so that the administration is comparatively cheap. 50X1-HUM
43. "But still good American cars are in great demand, and a 1949 Buick or Dodge costs US\$ 6/7,000; at the time of liberation and shortly afterwards such cars could be had for US\$6/700. When there are official meetings, a long row of such cars with chauffeurs is waiting outside. Of course the man in the car wears exactly the same dress as the chauffeur, but so did Stalin in 1920 and look at him today. [redacted]
44. [redacted]

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50X1-HUM

- 6 -

45. "When one sees the Soviet advisers, all physically strong fellows of about 30 years or so, walking in the streets of Tientsin, accompanied always by an interpreter, mostly a Chinese woman, in their terrible ugly uniforms, (and how graceful Chinese women could look before in their national dress) furthermore accompanied by a few soldiers with pistols in their belts, it looks as if a prisoner was on a shopping tour. What does such a man think, nobody knows; perhaps his own mother does not know, certainly nobody in Tientsin knows because he cannot contact any other white man, not even his own compatriots (former White Russians, exiles).

50X1-HUM

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[REDACTED] 50X1-HUM

- 7 -

50X1-HUM

[REDACTED] everything that is happening today, has after all happened in one form or another before, as history tells us. But behind the Iron Curtain history also is a medium of propaganda [REDACTED]

[REDACTED] Chinese history [REDACTED] is being made over to fit the new teachings. The Comintern is an organization which works thoroughly from the bottom up, and nothing is left to chance, everything works according to a master plan devised by master minds."

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